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Director of Central Intelligence

Assistant Director for R. & E.

Communist air network in Southeast Asia.

1. A Communist air network in Southeast Asia is in the process of organization. This network, furthermore, may already provide connections for Communist interests between Southeast Asia and Eastern Europe.

2. Nine surplus PBVs (Catalinas) were recently purchased from the Australian Commonwealth Disposals Commission on behalf of a newly organized irregular carrier, Asian Airlines Pty., Ltd., the leading director of which is the prominent Moscow-trained Australian Communist, Clarence Hart Campbell. Campbell is associated with a group of Chinese Communists or Communist sympathizers who have provided the capital for Asian Airlines. The company, properly registered in Sydney, is concentrating its operations in Siam, Burma, Malaya, and the NEI, with the object of providing essential communications for Communist activities and maintaining liason with agents who direct the Soviet campaign for insurrection throughout Southeast Asia.

3. It is reasonable to suspect an association between the operations of Asian Airlines and the extensive clandestine air transport of arms and narcotics known to be in progress throughout this area. Such activity would be logical, in view of (1) Communist-Chinese control of the company which will operate in areas where the Chinese dominate trade activities; and (2) the known close relationship which exists between Campbell and radical elements of the Indonesian Republican party. (Campbell has attempted without success to accredit himself to the Australian Government as the official Trade Representative for the Indonesian Republic.)

4. There is evidence pointing to a possible connection between Asian Airlines and certain Eastern European agencies concerned with the reinforcement of the Israeli forces in Palestine. Campbell is also managing director of United Lubricants Pty., Ltd., the staff of which is known to include Communists. This company is a front for the Campbell-organized Australian-Palestine Association, which operates from Sydney, Australia. Under cover of the Zionist-American Joint Distribution Committee in Prague, recruits are being accepted for training as reinforcements for the Israeli forces. This is in violation of the UN Truce. The Joint Committee is also engaged in the distribution by air of Jewish DPs to Australia. Since Communist agents are known to have penetrated the DP ranks, and these flights traverse the areas in which Asian Airlines operates, a convenient medium appears to exist for the covert air transport of Communist agents throughout Southeast Asia.

5. The foregoing facts are submitted for your information and such action as you may deem appropriate.

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cc; Original and 1 to Addressee

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